

SOUTHERN DISTRICT OF NEW YORK

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UNITED STATES OF AMERICA,

v.

STEVEN BROWN,

Defendants.
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16 CR. 436 (KMW)

**AFFIRMATION IN SUPPORT
OF MOTION TO REVIEW
GRAND JURY MINUTES**

WALTER MACK, an attorney duly licensed to practice law before the courts of the State of New York and this court, under the penalties of perjury, affirms as follows:

1. I represent Defendant Steven Brown and I submit this affirmation in support of the Motion to Allow Defense Counsel to Review the Grand Jury Minutes or, Alternatively, for an In Camera Inspection.
2. Attached as Exhibit A is a copy of the press release, dated June 28, 2016, issued by former U.S. Attorney for the Southern District of New York, Preet Bharara.
3. A Google search conducted today of "Steven Brown movies" turns up the Bharara press release on the first page of results.

Dated: New York, New York
December 15, 2017

/s/

Walter Mack, Esq.
Doar Rieck DeVita Kaley & Mack
217 Broadway, Suite 707
New York, New York 10007
212-619-3730
Attorney for Defendant Steven Brown

EXHIBIT A



THE UNITED STATES ATTORNEY'S OFFICE
SOUTHERN DISTRICT *of* NEW YORK

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Department of Justice

U.S. Attorney's Office

Southern District of New York

FOR IMMEDIATE RELEASE

Tuesday, June 28, 2016

**Manhattan U.S. Attorney Charges Three Defendants With
Participating In Multimillion-Dollar Fraud On Film
Investors**

Preet Bharara, the United States Attorney for the Southern District of New York, and Diego Rodriguez, the Assistant Director-in-Charge of the New York Office of the Federal Bureau of Investigation ("FBI"), announced today the unsealing of charges against JAMES DAVID WILLIAMS, STEVEN BROWN, and GERALD SEPPALA for allegedly defrauding victims out of more than \$12 million as part of an advance fee scheme in which victims were asked to invest in film projects based on false promises and misrepresentation. The Indictment charges WILLIAMS, BROWN, and SEPPALA with wire fraud and wire fraud conspiracy, and WILLIAMS and BROWN are also charged with laundering the proceeds of this fraud. WILLIAMS was arrested this morning in Los Angeles, California, and is expected to be presented and arraigned later today in the Central District of California before United States Magistrate Judge Jacqueline Chooljian. BROWN was arrested in this morning in New York City and is expected to be presented and arraigned in the Southern District of New York before United States Magistrate Judge James L. Cott. SEPPALA was arrested this morning in Wayzata, Minnesota, and was presented and arraigned this afternoon in the District of Minnesota before United States Magistrate Judge Becky R. Thorson.

Manhattan U.S. Attorney Preet Bharara said: "With lies about making feature-length films and documentaries, the defendants allegedly defrauded victims into investing over \$12 million with them. Rather than making movies, the defendants perpetrated an advance fee scheme, allegedly using the investors' money to pay themselves and pay other investors back."

FBI Assistant Director-in-Charge Diego Rodriguez said: "As alleged, Williams, Brown, and Seppala didn't provide marketing expertise to feature films or invest their own millions into film projects as they promised investors. Rather, they defrauded and deceived to acquire more than \$12 million of investor funds to pay back previous duped investors or fund personal expenses.

Any level of fraud to honest investors is wrong, whether it's a fraud in the hundreds of dollars or millions dollars."

According to the Indictment unsealed in Manhattan federal court:^[1]

From at least 2012 through June 2016, JAMES DAVID WILLIAMS, STEVEN BROWN, and GERALD SEPPALA participated in an advance fee scheme in which WILLIAMS and BROWN portrayed themselves as experts in the marketing of feature-length films and documentaries and, along with SEPPALA, solicited investments in these films from investors by typically promising guaranteed returns and participation in profits, which never materialized.

In order to solicit these investments, WILLIAMS, BROWN, and SEPPALA made material misrepresentations about, among other things, their own investments in the films for which they were soliciting money, as well as investments that they claimed to have received from other investors. To support their claims, WILLIAMS, BROWN, and SEPPALA frequently sent the victims falsified financial records that reflected investments that had never actually been made. For example, in an effort to secure a \$2 million investment in one of the movies from one individual ("Victim-1"), WILLIAMS assured Victim-1 that WILLIAMS himself had also contributed \$2 million of his own money to the project. As proof of WILLIAMS's purported investment, WILLIAMS sent Victim-1 what appeared to be a bank statement showing a balance of just over \$1.9 million in the account maintained for the movie, which represented, according to WILLIAMS, what was left of his \$2 million after some initial expenditures. True and accurate records for that account, however, show that on the date WILLIAMS sent that statement to Victim-1, there was actually no money in the account and, indeed, there was never any money in that account until Victim-1 provided the solicited \$2 million investment.

Similarly, in an effort to get another individual ("Victim-2") to invest \$500,000 in another movie, WILLIAMS represented that WILLIAMS had invested \$3 million of his own money, while BROWN claimed to have invested an additional \$500,000 of his own money as well. BROWN and WILLIAMS also told Victim-2 that the entire investment would be guaranteed by a company called "Woodlawn Holdings" ("Woodlawn"). In support of these claims, BROWN sent Victim-2's attorney a letter from someone who claimed to be a "Managing Member" ("Individual-1") at Woodlawn guaranteeing Victim-2's investment, while WILLIAMS sent what appeared to be a bank statement for the company responsible for producing the movie, showing a balance of more than \$3.5 million. Subsequent investigation, however, revealed that no one with Individual-1's name worked at Woodlawn, nor had representatives at Woodlawn heard of WILLIAMS, BROWN, SEPPALA, or the movie they claimed to be making. In addition, true and accurate records from the relevant bank account revealed that there was only \$500,200 in the account at the time that WILLIAMS sent Victim-2 the statement showing a balance of more than \$3.5 million. Furthermore, the other money in that bank account was from neither WILLIAMS nor BROWN.

In total, WILLIAMS, BROWN, and SEPPALA solicited more than \$12 million from their victims that was allegedly to be used for either marketing or production costs associated with the various films. In reality, however, the money that was received from these investors was used to fund other projects, pay back previously defrauded investors, or pay the personal expenses of WILLIAMS, BROWN, and SEPPALA, including, among other things, the purchase of a car and a house for WILLIAMS.

* * *

WILLIAMS, 54, of Calabasas, California, and BROWN, 46, of Santa Monica, California, are each charged with one count of conspiring to commit wire fraud, one count of wire fraud, and one count of conspiring to commit money laundering. SEPPALA, 47, of Wayzata, Minnesota, is charged with one count of conspiring to commit wire fraud and one count of wire fraud. Conspiring to commit wire fraud and wire fraud each carry a maximum term of 20 years in prison. Conspiring to commit money laundering carries a maximum term of 10 years in prison.

The maximum potential sentences in this case are prescribed by Congress and are provided here for informational purposes only, as any sentencing of the defendants will be determined by the judge.

Mr. Bharara praised the outstanding investigative work of the Federal Bureau of Investigation.

If you believe you are a victim of the above-described fraud, please call the FBI at 212-384-1000 or email filmfinancefraud@ic.fbi.gov. This email account is taking tips only on these alleged crimes.

The prosecution of this case is being handled by the Office's Complex Frauds and Cybercrime Unit. Assistant United States Attorney Patrick Egan is in charge of the prosecution.

The charges contained in the Indictment are merely accusations, and the defendants are presumed innocent unless and until proven guilty.

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[1] As the introductory phrase signifies, the entirety of the text of the Indictment and the description of the Indictment set forth herein constitute only allegations, and every fact described should be treated as an allegation.

Topic(s):

Financial Fraud

Component(s):

USAO - New York, Southern

Press Release Number:

16-176

Updated June 28, 2016